Xigem Technologies Corporation

Interim Condensed Consolidated Financial Statements

As at September 30, 2021, and for the three and nine-month periods ended September 30, 2021 and 2020

(Unaudited)

Xigem Technologies Corporation

As at September 30, 2021, and for the three and nine-month periods ended September 30, 2021 and 2020

(Unaudited)

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Xigem Technologies Corporation
Interim Condensed Consolidated Statement of Financial Position
(Expressed in Canadian dollars)
(Unaudited)

	Note	**September 30, 2021**	December 31, 2020
		$	$
ASSETS			
Current			
Cash and equivalents	5	**1,119,846**	2,165,960
Indirect taxes recoverable		**144,697**	5,434
Prepaid expenses		**8,750**	-
Due from related parties	12	**170,209**	200,000
		1,443,502	2,371,394
Property, plant and equipment	6	**582,429**	-
Intangible assets	7	**1,089,870**	607,083
		3,115,801	2,978,477
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**579,765**	21,376
Due to related party	12	**-**	29,791
		579,765	51,167
Lease liability	8	**172,678**	-
Deferred income tax		**29,581**	2,059
		782,024	53,226
SHAREHOLDERS' EQUITY			
Share capital	9	**3,463,177**	2,392,159
Share premium account	9	**251,745**	-
Warrant reserve	9	**1,918,368**	668,114
Options reserve	9	**1,091,400**	32,200
Deficit		**(4,390,913)**	(167,222)
		2,333,777	2,925,251
		3,115,801	2,978,477
Going concern	2		
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Approved by the Board:

Brian Kalish
Director

The accompanying notes are an integral part of and should be read in conjunction with these financial statements.

Xigem Technologies Corporation

Interim Condensed Consolidated Statement of Loss and Comprehensive Loss

(Expressed in Canadian dollars)
(Unaudited)

	Note	**For the 3 months ended Sepember 30, 2021**	**For the 9 months ended September 30, 2021**	For the 3 months ended September 30, 2020	For the period June 15 to September 30, 2020
		$	**$**	$	$
EXPENSES					
Share-based payments	9	**31,166**	**1,225,145**	-	-
Acquisition costs	4	**-**	**1,013,897**	-	-
Advertising and promotion		**64,895**	**786,031**	-	-
Professional fees		**213,747**	**515,941**	-	-
Investor relations		**364,823**	**364,823**	-	-
Amortization	7, 8	**88,047**	**147,588**	-	-
Listing expenses		**39,492**	**125,130**	-	-
Insurance		**8,750**	**8,750**	-	-
Dues and subscriptions		**2,569**	**4,859**	-	-
Interest and bank charges		**2,252**	**4,005**	-	-
		815,741	**4,196,169**	-	-
Loss before income taxes		**(815,741)**	**(4,196,169)**	-	-
Income taxes					
Current		**-**	**-**	-	-
Deferred		**15,318**	**27,522**	-	-
		15,318	**27,522**	-	-
Net loss and comprehensive loss		**(831,059)**	**(4,223,691)**	-	-
Loss per share					
Basic	10	**(0.010)**	**(0.067)**	-	-
Diluted	10	**(0.008)**	**(0.052)**	-	-

The accompanying notes are an integral part of and should be read in conjunction with these financial statements.

Xigem Technologies Corporation
Interim Condensed Consolidated Statement of Changes in Equity
(Expressed in Canadian dollars)
(Unaudited)

	Note	Share capital	Share capital	Share premium account	Warrant reserve	Options reserve	Deficit	**Total equity**
		#	$	$	$	$	$	**$**
Balance, as at December 31, 2020		4,473,254	2,392,159	-	668,114	32,200	(167,222)	**2,925,251**
Stock-split	4, 9	2,886,591	-	-	-	-	-	**-**
Shares and warrants issued	4, 9	70,371,848	176,854	-	386,284	-	-	**563,138**
Shares for debt	4, 9	2,564,285	326,000	-	-	-	-	**326,000**
Common shares issued on exercise of warrants	9	2,400,000	68,164	168,000	(68,164)	-	-	**168,000**
Shares issued on acqusition of FOOi	7(a), 9	1,666,667	500,000	-	-	-	-	**500,000**
Issuance of warrants for services	9	-	-	-	975,701	-	-	**975,701**
Equity-settled shared-based payment	9	-	-	-	-	1,131,578	-	**1,131,578**
Net loss and comprehensive loss		-	-	-	-	-	(4,223,691)	**(4,223,691)**
Cancellation of stock-options	9	-	-	40,178	-	(72,378)	-	**(32,200)**
Cancellation of warrants	9	-	-	43,567	(43,567)	-	-	**-**
Balance, as at September 30, 2021		**84,362,645**	**3,463,177**	**251,745**	**1,918,368**	**1,091,400**	**(4,390,913)**	**2,333,777**

The accompanying notes are an integral part of and should be read in conjunction with these financial statements.

Xigem Technologies Corporation
Interim Condensed Consolidated Statement of Cash Flows
(Expressed in Canadian dollars)
(Unaudited)

	For the 3 months ended September 30, 2021	**For the 9 months ended September 30, 2021**	For the 3 months ended September 30, 2020	For the period June 15 to September 30, 2020
	$	**$**	$	$
OPERATING ACTIVITIES				
Net loss and comprehensive loss	**(831,059)**	**(4,223,691)**	-	-
Items not affecting cash:				
Share-based payments	**31,166**	**1,225,145**	-	-
Acquisition costs	**-**	**840,840**	-	-
Amortization expense	**88,047**	**147,588**	-	-
Finance costs and other	**1,750**	**2,908**		
Deferred taxes	**15,318**	**27,522**	-	-
	(694,778)	**(1,979,688)**	-	-
Changes in non-cash working capital balances:				
Indirect taxes recoverable	**(40,517)**	**(139,263)**	-	-
Prepaid expenses	**(8,750)**	**(8,750)**		
Accounts payable and accrued liabilities	**110,004**	**558,389**	-	-
	60,737	**410,376**	-	-
	(634,041)	**(1,569,312)**	-	-
INVESTING ACTIVITY				
Acquisition of property, plant and equipment	**(22,274)**	**(463,088)**	-	-
	(22,274)	**(463,088)**		
FINANCING ACTIVITIES				
Proceeds from issuance of Units	**123,554**	**821,786**	-	-
Proceeds from exercise of warrants	**168,000**	**168,000**	-	-
Payments on lease financing	**(3,500)**	**(3,500)**	-	-
Deposits in advance of private placement	**-**	**-**	406,170	406,170
Advances from related party	**-**	**-**	29,791	29,791
	288,054	**986,286**	435,961	435,961
Change in cash and cash equivalents	**(368,261)**	**(1,046,114)**	435,961	435,961
Cash and equivalents, beginning of period	**1,488,107**	**2,165,960**	-	-
Cash and equivalents, end of period	**1,119,846**	**1,119,846**	435,961	435,961
Non-cash items:				
Proceeds from issuance of share capital from treasury	**-**	**-**	200,000	200,000

The accompanying notes are an integral part of and should be read in conjunction with these financial statements.

1. General information

Xigem Technologies Corporation ("Xigem" or the "Company") seeks to become a leading technology platform for the remote working economy. Using proprietary patented technology, the Company seeks to provide organizations with the infrastructure necessary to manage employees, assets, resources, and other business operations in remote working, learning and treatment environments.

The Company was incorporated under the Business Corporations Act of Ontario on June 15, 2020. The Company's registered head office is located at 22 Adelaide Street West, Bay Adelaide Centre, East Tower, Suite 3600, Toronto, Ontario, M5H 4E3.

2. Basis of preparation

a) Going concern

These interim condensed consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operations for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. The realizable values may be substantially different from their carrying values, as shown in these interim condensed consolidated financial statements. These interim condensed consolidated financial statements do not affect adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

As at September 30, 2021, the Company had an accumulated deficit of $4,196,169 (December 31, 2020 – $167,222). The Company has not yet been able to generate positive cash flows from operations. These conditions raise material uncertainties which may cast a significant doubt upon the Company’s ability to continue as a going concern. Whether and when the Company can generate sufficient cash flows to pay for its expenditures and settle its obligations as they fall due after September 30, 2021, is uncertain.

To address the going concern risk, the Company continues to seek equity financing alternatives (see Note 8) to support ongoing operations, monitor general and administrative expenses compared to budget, and optimize its operating processes.

b) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting as issued by the by the International Accounting Standards Board (“IASB”). Under International Financial Reporting Standards (“IFRS”), additional disclosures are required in annual financial statements, and therefore, these unaudited interim condensed consolidated financial statements should be read in conjunction with the notes to the Company’s audited financial statements for the 7 months ended January 15, 2021, included in the listing statement and long form prospectus dated February 25, 2021. These interim condensed consolidated financial statements were authorized for issuance by the Board of Directors on November 30, 2021.

2. Basis of preparation (cont'd)

c) Basis of presentation

The interim condensed consolidated financial statements are prepared on a going concern basis using the historical cost method, as set out in the relevant accounting policies. The Company presents its classified interim condensed consolidated statements of financial position distinguished between current and non-current assets and liabilities.

Current assets and liabilities are expected to be settled within one year from the reporting period, and non-current assets and liabilities are those when the recovery or settlement is expected to be greater than a year from the reporting period. Except for the below, the accounting policies set out in Note 3 of the Company's annual financial statements as at January 15, 2021, have been applied consistently in all material respects.

i) *Property, plant and equipment*

Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation, and any accumulated impairment losses. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows: Leasehold improvements are amortized over 5 years. Right-of-use assets over 5 years. Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

ii) Leases

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As a lessee

At commencement or modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

2. Basis of preparation (cont'd)

c) Basis of presentation (cont'd)

ii) Leases (cont'd)

As a lessee (cont'd)

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if the rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses the incremental borrowing rate as the discount rate. The lease liability is measured at amortized cost using the effective interest method.

The Company presents right-of-use assets as 'property, plant and equipment' in the interim condensed consolidated statements of financial position.

Short-term leases and leases of low-value assets

The Company has elected not to recognize right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

d) Significant judgments

The preparation of the Company's interim condensed consolidated financial statements under IFRS requires management to exercise judgment in applying the Company's accounting policies. Judgments made by management in the ongoing application of IFRS that have a significant effect on the interim condensed consolidated financial statements are outlined below:

2. Basis of preparation (cont'd)

d) Significant judgments (cont'd)

i) Going concern

Xigem applies judgment to determine whether there are material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern.

ii) Intangible assets

The Company applies judgment to assess whether there are any indications that its intangible assets may be impaired. This assessment requires an assessment of external, internal and other indicators at the end of each reporting period.

iii) Provisions and contingencies

Xigem may encounter obligations arising from past events, which will only be confirmed by the occurrence or non-occurrence of future events not wholly within the control of the Company or where the obligation cannot be reliably estimated. Xigem reviews such situations at each interim condensed consolidated statement of financial position date and makes judgments on all information available to determine if an outflow of economic resources can be reliably estimated or not. If this is not possible, a contingency is reported for each material case.

iv) Income taxes

The Company applies judgment in determining the tax rates applicable to the temporary differences to determine the provision for income taxes. Deferred taxes relate to temporary differences between accounting and tax asset values. They are measured using tax rates that are expected to apply in the year when the asset is realized, or the liability is settled. Temporary differences are differences between accounting and tax asset values expected to be deductible or taxable in the future.

e) Use of estimates and assumptions

The preparation of the Company's interim condensed consolidated financial statements requires management to make estimates based on events and circumstances that existed at the interim condensed consolidated statement of financial position date. Accordingly, actual results may differ from these estimates. Significant estimates made by management with a significant risk of material adjustment in the current and following years are discussed below:

i) Intangible assets

The Company estimates the useful life of its intangible assets, which include an assessment of the expected usage of the asset, product life-cycles, technological obsolescence and the period of control over the asset. The useful life impacts the amount of amortization recorded in profit or loss in during the year, and the corresponding reduction of the intangible asset value.

2. Basis of preparation (cont'd)

e) Use of estimates and assumptions (cont'd)

ii) Share-based payments

The Company measures equity-settled share-based payment transactions based on an estimate of the fair value of goods or services received, unless that fair value cannot be estimated reliably, in which case the Company measures the fair value of the goods or services received based on the fair value of the equity instruments granted.

iii) Warrants

The Company uses the Black-Scholes model to calculate the value of warrants issued as part of the Company's private placements. The Black-Scholes model requires six key inputs to determine a value of warrants: risk-free interest rate, exercise price, market price at the date of issuance, expected dividend yield, expected life, and expected volatility. Certain of the inputs are estimates which involve considerable judgment and are or could be, affected by significant factors that are out of the Company's control. For example, a longer expected life of the warrants or higher volatility number used would result in an increase in the warrant value.

iv) COVID-19

The outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which will include the implementation of travel bans, self-imposed quarantine periods and social distancing have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown, as is the efficacy of the government and central bank interventions.

Management cannot accurately predict the future impact COVID-19 may have on: (i) the severity and the length of potential measures taken by governments to manage the spread of the virus and their effect on labor availability; (ii) availability of essential supplies; (iii) purchasing power of the Canadian dollar; and (iv) ability to obtain additional funding.

At the date of the approval of the interim condensed consolidated financial statements, the Canadian government has not introduced measures which impede the activities of the Company. However, it is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and conditions of the Company in future periods.

3. Significant accounting policies

Future accounting pronouncements

The following standards have not yet been adopted and are being evaluated to determine their impact on the Company.

IFRS 10 – Consolidated Financial Statements ("IFRS 10") and
IAS 28 – Investments in Associates and Joint Ventures ("IAS 28")

IFRS 10 and IAS 28 were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of the gain or loss recognition depends on whether the assets sold or contributed constitute a business The effective date of these amendments is yet to be determined, however early adoption is permitted.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or the Company is still assessing what the impact will be to the Company's financial statements.

4. Reverse take-over transaction

On September 22, 2020, 10557536 Canada Corp. ("105CC") entered into a non-binding letter of intent with Xigem. The letter of intent outlined proposed terms and conditions pursuant to which 105CC and Xigem effected a business combination that resulted in a reverse takeover of 105CC by the shareholders of Xigem ("Transaction").

On November 17, 2020, the Company and Xigem entered into a business combination agreement. A copy of the business combination agreement is available on the System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com. The business combination agreement incorporated principal terms of the Transaction (as specified by the non-binding letter of intent) and provided the basis upon which 105CC and Xigem effected the Transaction in compliance with the Exchange's requirements.

In connection with the closing of the Transaction on March 5, 2021, the following key activities occurred:

i) 105CC split all of its issued and outstanding common shares (the "105CC Common Shares") based on a ratio of approximately 1.6453 post-split 105CC Common Share for every one pre-split 105CC Common Shares ("Share Split"), resulting in 7,359,845 post-split Common shares;

ii) Xigem and 105CC's subsidiary amalgamated under the Business Corporations Act (Ontario) (the "Amalgamation" and the resulting amalgamated entity named Xigem Technology Solutions Inc. ("Amalco") became a wholly-owned subsidiary of Resulting Issuer;

4. Reverse take-over transaction (cont'd)

iii) each Xigem Common Share was cancelled, and the former holders of Xigem Common Shares received one half of one (0.5) Resulting Issuer Common Share for each Xigem Common Share held by them, an aggregate of 66,236,800 Resulting Issuer Common Shares at a price of $0.04 per share were issued on March 3, 2021;

iv) other securities of Xigem (including warrants that are exercisable into Xigem Common Shares) were cancelled and the former holders of such securities received one half of one (0.5) Resulting Issuer Warrants for each Xigem warrant;

v) a total of 1,250,000 Resulting Issuer Common Shares has been issued to related parties, settling debt in the aggregate amount of $50,000; and

vi) the Resulting Issuer was renamed "Xigem Technologies Corporation".

The Transaction was subject to a number of conditions including, but not limited to the following:

i) the Resulting Issuer on March 15, 2021 obtained conditional approval of the Canadian Securities Exchange ("CSE") for the listing on the CSE of the Resulting Issuer Common Shares, as required by CSE policies;

ii) the issuance of a receipt from the Ontario Securities Commission ("OSC") for the final Prospectus dated February 25, 2021;

iii) the Resulting Issuer obtained a conditional approval letter from CSE for the transitions; contemplated by the Business Combination Agreement, including the listing on the CSE of the Resulting Issuer's common shares;

iv) 105CC held an annual general and special meeting of its shareholders (the "105CC Shareholder Meeting"), and prepared a circular in connection therewith (the "105CC Circular") to approve certain matters relating to the Transaction, including the directors to be appointed to the board of the Resulting Issuer upon closing, the Share Split and Name Change; and

v) Certain other customary closing conditions.

Non-cash acquisition costs relating to legal fees, issuance of warrants for consulting services provided, and other related costs, totaling $Nil and $1,013,897 ($Nil – 2020), were incurred and are included in the statement of loss and comprehensive loss for the three and nine-months periods ended September 30, 2021, respectively.

(Expressed in Canadian dollars)

5. Cash and cash equivalents

Cash held in trust consists of the proceeds from private placements and exercises of warrants, held in trust by legal counsel, less any amounts transferred to the Company's bank account and disbursements for professional fees.

	September 30, 2021	December 31, 2020
	$	$
Cash, held with Canadian chartered banks	**979,846**	2,011,170
Cash, held in trust	**140,000**	154,790
	1,119,846	2,165,960

6. Property, plant and equipment

	Right-of-use asset	Leasehold improvements	**Total**
	$	$	**$**
Cost			
Balance at January 1, 2020	-	-	**-**
Additions	173,270	463,088	**636,358**
Balance at September 30, 2021	173,270	463,088	**636,358**
Accumulated amortization			
Balance at December 31, 2020	-	-	**-**
Amortization	14,684	39,245	**53,929**
Balance at September 30, 2021	14,684	39,245	**53,929**
Carrying amounts			
At December 31, 2020	**-**	**-**	**-**
At September 30, 2021	**158,586**	**423,843**	**582,429**

The right-of-use asset consists of a lease for corporate office facilities and is amortized on a monthly basis over its term.

(Expressed in Canadian dollars)

7. Intangible assets

	Intellectual property	**Total**
	$	**$**
Cost		
Balance at December 31, 2020	631,740	**631,740**
Additions	576,446	**576,446**
Balance at September 30, 2021	1,208,186	**1,208,186**
Accumulated amortization		
Balance at December 31, 2020	24,657	**24,657**
Amortization	93,659	**93,659**
Balance at September 30, 2021	118,316	**118,316**
Carrying amounts		
At December 31, 2020	607,083	**607,083**
At September 30, 2021	1,089,870	**1,089,870**

a) Acquisition of FOOi

On August 9, 2021, the Company acquired substantially all of the assets of FOOi Inc. ("FOOi"), a mobile app that facilitates digital payments through peer-to-peer and peer-to-business financial transactions for consideration of $500,000, satisfied by the issuance of 1,666,667 common shares in the capital of Xigem at a deemed price equal to $0.30 per share. The Company accounted for the purchase as an asset acquisition, allocating a fair value price of $500,000 to intellectual property. As at September 30, 2021, mobile app was under further development and not in active use, therefore not amortized.

8. Lease liability

Lease liability is measured at the present value of the lease payments that were not paid at the reporting date. The lease payments are discounted using an average interest rate of 4%, which is the Company's estimated incremental borrowing rate. The continuity of the lease liabilities is presented in the table below:

	Lease liability
	$
Balance at December 31, 2020	**-**
Additions to right-of-use asset	**173,270**
Interest expense	**2,908**
Payments	**(3,500)**
Balance at September 30, 2021	**172,678**

(Expressed in Canadian dollars)

9. Equity

a) Authorized

Unlimited Common shares.

Unlimited First Preference Shares, voting or non-voting, non-cumulative, issuable in series with rights, privileges, restrictions and conditions determined by the directors and officers of Xigem.

		September 30, 2021	December 31, 2020
		$	$
84,362,645	Common shares	**84,362,645**	4,473,254

b) Private placement

On June 1, 2020, the Company completed a private placement of 4,135,048 units at $0.1575 per unit for gross proceeds of $651,270. Each unit consisted of one common share and one purchase warrant to acquire a further common share at $0.23 per share. The value split between common share and warrants was $264,986 and $386,234, respectively. The fair value allocated between the common shares and warrants on the issuance of the units was based on a relative fair value allocation between the common shares issued and warrants issued.

Issuance costs of $91,632 for the three and nine-months periods ended September 30, 2021 ($Nil – 2020), associated with the private placement have offset share capital on the statement of financial position. On June 1, 2020, the Company issued 257,382 finder's purchase warrants to acquire a further common share at $0.23 per share. The finder's warrants have been allocated a fair value of $59,094.

The fair value was determined using the Black-Scholes pricing model using the following assumptions:

Fair value	**$**	**0.121**
Share price	**$**	**0.180**
Exercise price	**$**	**0.006-0.23**
Expected volatility		**150%**
Expected life		**0.05 - 2.67**
Expected dividends		**-**
Risk-free interest rate		**0.25%**

(Expressed in Canadian dollars)

9. Equity (cont'd)

c) Warrants

As at September 30, 2021, the Company had the following warrants outstanding with the corresponding average exercise prices:

	Number of warrants	Weighted-avg. exercise price
	#	$
Balance December 31, 2020	125,000	0.152
Stock-split	80,663	0.152
Issued	32,453,448	0.230
Issued for services	3,547,982	0.230
Excercised	(2,400,000)	0.070
Cancelled	(200,000)	0.350
Balance, September 30, 2021	**33,607,093**	**0.085**

The following table reflects the warrants issued and outstanding as at September 30, 2021:

	Warrants outstanding				Warrants exercisable		
Expiry date	Number outstanding		Average exercise price	Average remaining contractual life (years)	Weighted number exercisable		Weighted number exercisable price
20-Oct-21	6,250,000	$	0.07	0.05	6,250,000	$	0.07
29-Oct-21	19,468,400	$	0.07	0.08	19,468,400	$	0.07
21-Jan-22	205,663	$	0.15	0.05	205,663	$	0.15
20-Sep-23	3,290,600	$	0.01	1.97	3,290,600	$	0.01
1-Jun-24	4,392,430	$	0.23	2.67	4,392,430	$	0.23
	33,607,093	**$**	**0.11**	**0.95**	**33,607,093**	**$**	**0.11**

On the close of the Transaction (**Note 4**), 3,290,600 post-split warrants were vested to Grove Corporate Services Ltd. for past services and have been allocated a fair value of $873,040 and included in acquisition costs.

The Company issued 200,000 warrants to members of its advisory board. Each Warrant entitles the holder to purchase one Common Share of the Company at an exercise price of $0.35 for a period of five years. The warrants were granted and vested on June 1, 2021, and subsequently cancelled on June 17, 2021. The warrants have been allocated a value fair value of $43,567, included in share-based payments.

During the three and nine-months periods ended September 30, 2021, the holders of 2,400,000 warrants exercised their right to convert the warrants into the Company's common shares at a price of $0.07 per common share for gross proceeds of $168,000, allocated to the share premium account on the interim condensed consolidated statement of financial position.

(Expressed in Canadian dollars)

9. Equity (cont'd)

c) Warrants (cont'd)

The fair value was determined using the Black-Scholes pricing model using the following assumptions:

Fair value	$	0.121
Share price	$	0.180
Exercise price	$	0.006-0.23
Expected volatility		150%
Expected life		0.05 - 2.67
Expected dividends		-
Risk-free interest rate		0.25%

Expected volatility has been based on an evaluation of comparable companies to Xigem. The expected term of the instruments has been based on management's experience and general holder behavior. As at September 30, 2021, 2,400,000 warrants were exercised, and the weighted average remaining contractual lives of the warrants was 0.96 years.

d) Options

The Company adopted the "rolling" stock option plan of the 105CC on March 5, 2021, cancelling all outstanding stock option issued previously by 105CC. The stock option plan entitles key management personnel, employees, directors, and certain consultants the option to purchase common shares of the Company. Under the stock-option plan, holders of vested options are entitled to purchase shares based on the exercise price determined at the grant date. The plan allows for the issuance of up to 10% of the issued and outstanding common shares.

On March 19, 2021, the Company granted 3,925,000 incentive stock options pursuant to its Stock Option Plan. Each option entitled the holder to purchase one common share of the Company at an exercise price of $0.29 for a period of five years from the date of grant and was vested immediately. The fair value for services received was valued at $995,042 and are included in share-based payments the interim consolidated statement of loss and comprehensive loss for the nine-months period ended September 30, 2021.

On April 30, 2021, Company granted 400,000 incentive stock options pursuant to its stock option plan. Each option entitles the holder to purchase one common share of the Company at an exercise price of $0.55 and vested immediately.

The Company subsequently cancelled 200,000 of incentive stock options on June 1, 2021, and issued 100,000 additional stock options, which entitles the holder to purchase one common share of the Company at an exercise price of $0.35 for a period of five years and vested immediately. The fair value of the services received was $65,192 and is included in the statement of loss and comprehensive loss for the nine-month periods ended September 30, 2021.

(Expressed in Canadian dollars)

9. Equity (cont'd)

d) Options (cont'd)

On July 5, 2021, the Company has granted 200,000 incentive stock options pursuant to its Stock Option Plan. Each Option entitles the holder to purchase one common share of the Company at an exercise price of $0.325 for a period of five years and vested immediately. The fair value of the services received was $31,166 and is included in the statement of loss and comprehensive loss for the three and nine-month periods ended September 30, 2021.

The key terms and conditions related to the grants as at September 30, 2021 are as follows; all options are to be settled by physical delivery of shares.

	Vesting conditions	Number of options	Weighted-avg. exercise price
		#	$
Granted to key management personnel	Vesting on grant date	2,100,000	0.290
Granted to directors	Vesting on grant date	1,650,000	0.290
Granted to consultants	Vesting on grant date	875,000	0.386
Cancelled	Vesting on grant date	(200,000)	0.550
Outstanding, September 30, 2021		**4,425,000**	**0.305**
Exerciseable, September 30, 2021		**4,425,000**	**0.305**

The following table reflects the stock options issued and outstanding as at September 30, 2021:

Expiry date	Number outstanding		Weighted average exercise price	Weighted average remaining contractual life (years)
30-Apr-24	200,000	$	0.55	2.58
19-Mar-26	3,925,000	$	0.29	4.47
1-Jun-26	100,000	$	0.35	4.67
5-Jul-26	200,000	$	0.33	4.76
	4,425,000	**$**	**0.30**	**4.40**

(Expressed in Canadian dollars)

9. Equity (cont'd)

d) Options (cont'd)

The fair value was determined using the Black-Scholes pricing model using the assumptions as follows:

Fair value	$	0.153
Share price	$	0.180
Exercise price	$	0.29-0.55
Expected volatility (weighted-average)		150%
Expected life (weighted-average, in years)		2.58 - 4.76
Expected dividends		-
Risk-free interest rate (based on government bonds)		0.25%

e) Maximum share dilution

The following table presents the maximum number of shares that would be outstanding if all outstanding warrants and options were exercised as at September 30, 2021:

	September 30, 2021
	#
Common shares outstanding	**84,362,645**
Warrants to purchase common shares	**33,607,093**
Options to purchase common shares	**4,425,000**
Maximum share dilution	**122,394,738**

10. Loss per share

	For the 3 months ended September 30, 2021	**For the 9 months ended September 30, 2021**	For the 3 months ended September 30, 2020	For the period June 15 to September 30, 2020
	$	**$**	$	$
Net loss attributable to shareholders	**(831,059)**	**(4,223,691)**	-	-
Weighted-average common shares outstanding:				
Basic	**81,840,129**	**62,621,831**	10,000,000	10,000,000
Dilutive effect of warrants	**17,702,313**	**17,702,313**	-	-
Dilutive effect of stock options	**671,039**	**640,710**	-	-
Diluted	**100,213,482**	**80,964,854**	10,000,000	10,000,000
Net loss per share attributable to shareholders:				
Basic	**(0.010)**	**(0.067)**	-	-
Diluted	**(0.008)**	**(0.052)**	-	-

(Expressed in Canadian dollars)

11. Financial instruments

a) Accounting classifications and fair values

The following tables combine information about classes of financial instruments based on their nature and characteristics, and the carrying amounts of financial instruments.

As at September 30, 2021:

	FVTPL - mandatorily measured	FVOCI - mandatorily measured	FVOCI - designated	Amortized cost
	$	$	$	$
Financial assets:				
Cash and equivalents	-	-	-	**1,119,846**
Due from related parties	-	-	-	**170,209**
Carrying value at September 30, 2021	-	-	-	**1,290,055**
Financial liabilities:				
Accounts payable and accrued liabilities	-	-	-	**579,765**
Due to related party	-	-	-	-
Carrying value at September 30, 2021	-	-	-	**579,765**

As at December 31, 2020:

	FVTPL - mandatorily measured	FVOCI - mandatorily measured	FVOCI - designated	Amortized cost
	$	$	$	$
Financial assets:				
Cash and equivalents	-	-	-	2,165,960
Due from related parties	-	-	-	200,000
Carrying value at December 31, 2020	-	-	-	2,365,960
Financial liabilities:				
Accounts payable and accrued liabilities	-	-	-	21,376
Due to related party	-	-	-	29,791
Carrying value at December 31, 2020	-	-	-	51,167

b) Transfers

For the three and nine-month periods ended September 30, 2021 and 2020, there have been no transfers between Level 1, Level 2, and Level 3.

11. Financial instruments (cont'd)

c) Financial risk management

The Company has exposure to credit risk, liquidity risk, and market risk arising from financial instruments. Management considers credit risk and market risk to be low.

i) Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The board of directors has established the risk management committee, which is responsible for developing and monitoring the Company's risk management policies. The committee reports regularly to the board of directors on its activities.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on liabilities (other than trade payables) over the next 60 days. The Company also monitors the level of expected cash inflows on trade and other receivables, together with the expected outflows on trade and other payables.

The Company's exposure to liquidity risk is $579,765 as at September 30, 2021 (December 31, 2020 – $21,376), for which the Company has cash and equivalents of $1,119,846 on hand to satisfy its liabilities as at September 30, 2021 (December 31, 2020 – $2,165,960). There have been no changes to the method for managing liquidity risk.

(Expressed in Canadian dollars)

12. Related party transactions and balances

a) Due from (to) related parties

	September 30, 2021	December 31, 2020
	$	$
Due from related parties		
Due from shareholders	**170,209**	200,000
Due to related party		
Due from 2294573 Ontario Inc., related by common ownership	**-**	(29,791)

The amounts due from related parties include those directors and shareholders of the Company and relate to the initial share capital purchased from treasury on incorporation.

The amounts are unsecured, non-interest bearing, due on demand, and have no formal terms of repayment.

b) Key management personnel transactions

Key management includes the Company's directors, officers and any consultants with the authority and responsibility for planning, directing, and controlling the activities of an entity, directly or indirectly. Management of the Company appointed by the board of directors as follows: Chief Executive Officer, Chief Financial Officer, Chief Technical Officer.

During the three and six months ended September 30, 2021, key management personnel compensation comprised of the following:

	For the 3 months ended September 30, 2021	**For the 9 months ended September 30, 2021**	For the 3 months ended September 30, 2020	For the period June 15 to September 30, 2020
	$	**$**	$	$
Share based payments	**-**	**910,499**	-	-
Professional fees paid to key management	**128,691**	**199,158**	-	-
Professional fees, in accounts payable	**13,389**	**13,389**	-	-
	142,080	**1,123,046**	-	-

13. Capital management

Xigem defines capital as its equity. The Company's objective when managing capital is: (i) to safeguard the ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders; and (ii) to provide an adequate return to shareholders by obtaining an appropriate amount of financing commensurate with the level of risk. The Company sets the amount of capital in proportion to the risk. Xigem manages its capital structure and adjusts in light of the changes in economic conditions and the characteristic risk of underlying assets.

To maintain or adjust the capital structure, the Company may repurchase shares, return capital to shareholders, issue new shares, or sell assets to reduce debt. Xigem's objective is met by retaining adequate liquidity to provide for the possibility that cash flows from assets will not be sufficient to meet operational, investing, and financing requirements. There have been no changes to the Company's capital management policies during the three and nine-month periods ended September 30, 2021 and 2020.

14. Segmented information

In measuring its performance, the Company does not distinguish or group its operations on a geographical or any other basis and accordingly has a single reportable operating segment. Management has applied judgment by aggregating its operating segments into one single reportable segment for disclosure purposes. Such judgment considers the nature of the operations and an expectation of operating segments within a reportable segment with similar long-term economic characteristics.

The Company's Chief Executive Officer is the chief operating decision-maker and regularly reviews Xigem's operations and performance on an aggregate basis. Xigem does not have any significant customers or any significant groups of customers.

15. Contingencies and commitments

a) <u>Contingencies</u>

The Company is not contingently liable with respect to litigation, claims, and environmental matters, including those that could result in mandatory damages or other relief. Any expected settlement of claims in excess of amounts recorded will be charged to the statements of loss and comprehensive loss as and when such determination is made.

b) <u>Management services agreement with XCo</u>

On October 20, 2020, and in connection with the acquisition of iAgent, Xigem entered into a management services agreement with XCo. The Company is obligated to pay US $20,000 a month for development, maintenance, and support services. The Company can cancel at the earlier of: (i) completion of Xigem’s platform; (ii) 30-days written notice by either Xigem or XCo.; or (iii) mutual consent.

As at September 30, 2021, aggregate amount of CAD $226,260 (December 31, 2020 – $Nil) has been included in accounts payable and accrued liabilities with respect to management services as per the agreement.

15. Contingencies and commitments (cont'd)

c) Media and marketing relations

On March 30, 2021, Xigem retained the services of several investor relations, media and marketing firms ("IR Parties") to provide services for the Company. The IR Parties are arms-length to the Company. Aggregate amount of $349,073 and $870,111 ($Nil – 2020) of above-mentioned services were incurred for the three and nine-months periods, respectively, and is included in the statement of loss and comprehensive loss.

16. Subsequent events

a) Voluntary withdrawal of common shares from trading on OTCQB® Venture Market

On October 5, 2021, the Company provided notice to OTC Markets Group to voluntarily withdraw its common shares from trading on the QTCQB Venture Market ("QTCQB"). The Company's shares are no longer traded on the QTCQB after the close of trading on October 6, 2021.

b) Letter of intent to acquire shares of iDealer

On September 14, 2021, the Company entered into a letter of intent ("LOI") to acquire up to 22% of the outstanding common shares of iDealer Inc. ("iDealer"), a transportation management technology provider for automobile dealers and other fleet operators.

Pursuant to the terms of the LOI, the common shares are valued at up to $847,896 ("iDealer Transaction") and payments are expected to be made in three instalments, over the course of fifteen months beginning on the iDealer Transaction closing date, with the final payment subject to the financial performance of iDealer.

As at the date of the financial statements, there has been no further activity relating to the potential acquisition of iDealer. The ultimate completion and closing of the iDealer Transaction is subject to customary regulatory approval.

c) Letter of intent to purchase assets of Cylix

On October 14, 2021, the Company entered into a binding LOI to acquire substantially all of the assets of 2747524 Ontario Inc. o/a Cylix Data Group ("Cylix"), a business intelligence technology company whose software improves efficiency and increases productivity for business professionals through the supply of information required to implement risk-management and decision-making processes.

Pursuant to the terms of the LOI, and subject to regulatory approval, the Company intends to purchase Cylix for $32,350,000, to be settled through the issuance of 64,700,000 units ("Purchaser Units") at a deemed price of $0.50 per Purchaser Unit, with each Purchaser Unit comprised of one common share of the Company, and one-seventh (1/7) of one common share purchase warrant (each whole warrant, a "Purchaser Warrant"). Each Purchaser Warrant entitles the holder to acquire an additional common share of the company at a price of $0.60 for a period of 24 months.

17. Comparative figures

Certain figures have been reclassified to conform to the current period's presentation.